

**MINUTES OF A PUBLIC HEARING CONDUCTED BY THE ST. LOUIS COUNTY PLANNING COMMISSION HELD BOTH VIRTUALLY VIA WEBEX AND IN-PERSON AT THE ST. LOUIS COUNTY PUBLIC WORKS BUILDING, LAKE VERMILION ROOM, VIRGINIA, MN, ON THURSDAY, JANUARY 12, 2023.**

9:05 AM – 9:50 AM

Planning Commission members in attendance: Steve Filipovich  
Daniel Manick  
Pat McKenzie  
Dave Pollock  
Ray Svatos  
Diana Werschay

Planning Commission members absent: Tom Coombe  
Commissioner Keith Nelson  
Roger Skraba

**Decision/Minutes for the following public hearing matters are attached:**

**NEW BUSINESS:**

- A. S2 Rental Properties of MN LLC, a conditional use permit for an apartment building as a Residential Planned Development – Class I.

**OTHER BUSINESS:**

**Motion by McKenzie/Werschay** to approve the minutes of the December 8, 2022, meeting.

**In Favor:** Filipovich, Manick, McKenzie, Pollock, Svatos, Werschay – 6

**Opposed:** None – 0

**Motion carried 6-0**

**ELECTION OF OFFICERS:**

**Motion by Manick/Pollock** to elect Pat McKenzie as Chair.

**In Favor:** Filipovich, Manick, McKenzie, Pollock, Svatos, Werschay – 6

**Opposed:** None - 0

**Motion carries 6-0**

**Motion by Svatos/Pollock** to elect Dan Manick as Vice Chair.

**In Favor:** Filipovich, Manick, McKenzie, Pollock, Svatos, Werschay – 6

**Opposed:** None - 0

**Motion carries 6-0**

*Jenny Bourbonais*, Acting Secretary, announced the St. Louis County Board adopted the Short Term Rental Zoning Ordinance 62 Amendments on Tuesday, January 10, 2023. County staff appreciates the work the Planning Commission put into these amendments, and the amendments

will help streamline the permitting process. One change was made to the general liability insurance requirement and was read into the record:

General liability insurance covering the property, including its use as a short term rental, shall be maintained. Evidence of such insurance must be demonstrated by a certificate of insurance, listing St. Louis County as a certificate holder, with a 30-day notice of cancellation or non-renewal; a copy of the insurance policy and certificate of insurance shall be provided to the County.

This language was drafted with the St. Louis County Attorney's Office as well as industry professionals to have more concise language. Staff will continue to update the Planning Commission on the short term rental process, including permits and any enforcement issues. Staff has been in communication with the vast majority of the short term rentals that the county knows about. Some have been on hold until the ordinance amendments were adopted.

The St. Louis County Board also approved a per diem increase, per meeting, to \$150.

Three new Land Use division staff members have also started with the Planning and Community Development Department in January 2023. They will be introduced at a later date.

## **NEW BUSINESS:**

### **S2 Rental Properties of MN LLC**

The only hearing item is for S2 Rental Properties of MN LLC, a conditional use permit for an apartment building as a Residential Planned Development – Class I. The property is located in S23, T54N, R17W (Cotton). *Jenny Bourbonais*, St. Louis County Land Use Manager, reviewed the staff report as follows:

- A. The applicant is requesting approval to operate a 5-unit apartment building as a Residential Planned Development Use - Class I.
- B. The building was formerly a 9-unit motel.
- C. The property is currently developed with a pole building, former motel, former restaurant, multiple billboards, and parking areas.
- D. In a Commercial zone district, residential uses need further review to make sure that they fit in with the surrounding area.
- E. Since the applicants purchased the property, they have cleaned it up.

*Jenny Bourbonais* reviewed staff facts and findings as follows:

- A. Plans and Official Controls:
  - 1. St. Louis County Zoning Ordinance 62, Article V, Section 5.6 E, states that an apartment building as a Residential Planned Development – Class I is an allowed use in a Commercial zone district with a conditional use permit.
  - 2. Zoning Ordinance 62 allows a maximum development density for residential planned developments based on the acreage and uses on the property.
    - a. Based on records and the information provided by the applicant, the proposed development density would be within what is allowed by Ordinance 62.

3. St. Louis County Comprehensive Land Use Plan Objective LU-4.3 encourages infill, redevelopment, or reuse of vacant commercial or industrial properties.

B. Neighborhood Compatibility:

1. The zone district of the property is Commercial (COM)-11, but the surrounding properties are zoned Multiple Use (MU)-5 which allows for a wide range of uses.
2. The surrounding area consists of rural residential properties and vacant land.
3. The property is located along the heavily traveled Highway 53.

C. Orderly Development:

1. The property is already developed, with existing road access and no additional proposed structures.
  - a. Historically, the property had a motel and a restaurant.
2. The proposed 5-unit apartment use meets the density requirements of St. Louis County Zoning Ordinance 62.

D. Desired Pattern of Development:

1. The existing pattern of development includes primarily rural residential uses.
2. The property is zoned commercial; however, surrounding properties are zoned Multiple Use, which allows for a wide range of uses.

E. Other Factors:

1. The former motel and restaurant have not operated in many years.
2. The applicant currently has a SSTS permit to construct for the proposed use.

*Jenny Bourbonais* noted no items of correspondence.

### **STAFF RECOMMENDATION**

If the Planning Commission determines that the proposal meets the criteria for granting a conditional use permit for a Residential Planned Development Use – Class I, the following conditions shall apply:

1. The request shall not exceed the Residential Planned Development density threshold allowed on the property without conditional use permit approval.
2. The applicant shall comply with the Minnesota Accessibility Code.
3. 911 Communications addressing standards shall be followed.
4. Waste shall be disposed in a manner acceptable to the St. Louis County Solid Waste Ordinance 45.
5. The applicant shall comply with all applicable local, state, and federal regulations.
6. The applicant shall obtain access approval from the appropriate road authority.

*Steven Veit*, 520 101<sup>st</sup> Avenue West, Duluth, the applicant, stated they purchased this property two years ago. They have cleaned up the property at tremendous cost to themselves. They have more to do. They purchased the property because they wanted a pole building to put their things in. His partner wanted to develop the former motel into apartments. There are new windows, doors and flooring and the structure has been painted. They still need to side the structures. They are looking into government funding for converting the structure into low-income housing. This will be an

improvement to the area. There was a man living on the property in a camper when they purchased the property. There has been someone living in the motel for four years that rented when the motel was still open and never left when the motel closed. They have other ideas, including an assisted living facility which would cost over a million dollars as it would fit in the area, and they have twenty acres of property. When they get these apartments up and running, they may start making money on top of utilities and taxes and the debt for the property. They have people approaching them to rent.

When they first purchased the property, the restaurant, pole building, and motel were full of trash that needed to be cleaned out.

*Steve Luiten*, the applicant, stated they replaced the well pump and updated the well. The former motel/proposed apartment building has already been fixed up. There is a utility room in the middle of the building that had a washer/dryer and access to the basement/crawl space area and an electrical panel. They had septic contractor, Jeff Crosby, on site to pump out the existing septic tanks, inspect and to make sure everything would work.

No audience members spoke. There were no virtual attendees for this hearing.

The *Planning Commission* discussed the following:

- A. Commission member *Filipovich* asked if there are any uses on the property that are not allowed. *Jenny Bourbonais* stated everything on the property is currently allowed within the Ordinance based on the Commercial zone district.
- B. Commission member *Pollock* asked if the restaurant was previously a junk shop. *Jenny Bourbonais* stated that the restaurant was previously an antique shop and has been converted into a number of uses throughout the years.
- C. Commission member *Svatos* noted that it appeared there were squatters at this property.
- D. Commission member *McKenzie* asked what the density threshold is. *Jenny Bourbonais* stated staff does not have that exact number, but this is based on acreage and the number of uses allowed. There is one use per one-half acre allowed in a COM-11 zone district.
- E. Commission member *McKenzie* asked if the rental is currently in use as a motel or as an apartment. *Steven Veit* stated that there is currently use. *Steve Luiten* added this would be considered an apartment as there are three people living there right now.
- F. Commission member *Pollock* asked if there was a gasoline service there. *Steve Luiten* stated there was a gas station on this property. Before they could finance the purchase, the bank needed to see the Minnesota Pollution Control Agency (MPCA) papers stating that everything was compliant. The MPCA file was closed in 2012. Commission member *Pollock* added that the applicants could add gas tanks and have a gas station on the property, too.
- G. Commission member *Svatos* asked if the old restaurant will be used. *Steven Veit* stated the restaurant is being used as his office. They need an office for the S2 Rental Properties as well as his business, Northwest Plow and Auto. He has approval for his office to be at this location. There may be some southern cars on the property this summer. Once they have this site set up, they may try and lease the restaurant portion. It would make a great bait shop or Fisherman's Corner. The other part of the restaurant is being used as vehicle

storage. *Steve Luiten* added that they need to get the property fixed up first before they decide what to do otherwise. It is too big a property to sit there deteriorating.

- H. Commission member *Manick* asked if the electrical would need to be inspected as long as the applicants are renting out these units. *Steve Luiten* stated they are utilizing what already exists. They do not know about any required inspections. *Jenny Bourbonais* added that the Minnesota Department of Health may need to do lodging inspections.
- I. Commission member *Manick* noted driving by this property frequently the applicants have put work in to clean up the property.

## **DECISION**

**Motion by Werschay/Svatos** to approve a conditional use permit for an apartment building as a Residential Planned Development – Class I, based on the following staff facts and findings:

### **A. Plans and Official Controls:**

- 1. St. Louis County Zoning Ordinance 62, Article V, Section 5.6 E., states that an apartment building as a Residential Planned Development – Class I is an allowed use in a Commercial zone district with a conditional use permit.
- 2. Zoning Ordinance 62 allows a maximum development density for residential planned developments based on the acreage and uses on the property.
  - a. Based on records and the information provided by the applicant, the proposed development density would be within what is allowed by Ordinance 62.
- 3. The St. Louis County Comprehensive Land Use Plan Objective LU-4.3 encourages infill, redevelopment, or reuse of vacant commercial or industrial properties.
- 4. The use conforms to the land use plan.

### **B. Neighborhood Compatibility:**

- 1. The zone district of the property is Commercial (COM)-11, but the surrounding properties are zoned Multiple Use (MU)-5 which allows for a wide range of uses.
- 2. The surrounding area consists of rural residential properties and vacant land.
- 3. The property is located along the heavily traveled Highway 53.
- 4. There has been a business on this property for years. This will be a good use for the area and the property looks much better.
- 5. The use is compatible with the existing neighborhood.

### **C. Orderly Development:**

- 1. The property is already developed, with existing road access and no additional proposed structures.
  - a. Historically, the property had a motel and a restaurant.
- 2. The proposed 5-unit apartment use meets the density requirements of St. Louis County Zoning Ordinance 62.
- 3. The use will not impede the normal and orderly development and improvement of the surrounding area.

### **D. Desired Pattern of Development:**

- 1. The existing pattern of development includes primarily rural residential uses.
- 2. The property is zoned commercial; however, surrounding properties are zoned Multiple Use, which allows for a wide range of uses.

3. There is a need for this type of use on the property. Housing is very much needed in the area.
4. The location and character of the proposed use is considered consistent with a desirable pattern of development.

E. Other Factors:

1. The former motel and restaurant have not operated in many years.
2. The applicant currently has a SSTS permit to construct for the proposed use.
3. A property that has been vacant is being used again.

The following conditions shall apply:

1. The request shall not exceed the Residential Planned Development density threshold allowed on the property without conditional use permit approval.
2. The applicant shall comply with the Minnesota Accessibility Code.
3. 911 Communications addressing standards shall be followed.
4. Waste shall be disposed in a manner acceptable to the St. Louis County Solid Waste Ordinance 45.
5. The applicant shall comply with all applicable local, state, and federal regulations.
6. The applicant shall obtain access approval from the appropriate road authority.

**In Favor:** Filipovich, Manick, McKenzie, Pollock, Svatos, Werschay - 6

**Opposed:** None - 0

**Motion carries 6-0**

**Motion to adjourn by Manick. The meeting was adjourned at 9:50 a.m.**